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Kaiser Permanente Medical Care Program Oral History Project

Berniece Oswald

HISTORY OF THE KAISER PERMANENTE
MEDICAL CARE PROGRAM

An Interview Conducted By
Malca Chall
1986

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BERNIECE OSWALD

1986

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Kaiser Permanente Medical Care Program

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Alice Friedman, M.D.

Lambreth Hancock

Frank C. Jones

Raymond M. Kay, M.D.

Clifford H. Keene, M.D.

Benjamin Lewis, M.D.

George E. Link

Berniece Oswald

Sam Packer, M.D.

Wilbur L. Reimers, M.D.

Ernest W. Saward, M.D.

Harry Shragg, M.D.

John G. Smillie, M.D.

Eugene E. Trefethen, Jr.

Avram Yedidia

PREFACE

Background of the Oral History Project

The Kaiser Permanente Medical Care Program recently observed its fortieth anniversary. Today, it is the largest, one of the oldest, and certainly the most influential group practice prepayment health plan in the nation. But in 1938, when Henry J. and Edgar F. Kaiser first collaborated with Dr. Sidney Garfield to provide medical care for the construction workers on the Grand Coulee Dam project in eastern Washington, they could scarcely have envisioned that it would attain the size and have the impact on medical care in the United States that it has today.

In an effort to document and preserve the story of Kaiser Permanente's evolution through the recollections of some of its surviving pioneers, men and women who remember vividly the plan's origins and formative years, the Board of Directors of Kaiser Foundation Hospitals sponsored this oral history project.

In combination with already available records, the interviews serve to enrich Kaiser Permanente's history for its physicians, employees, and members, and to offer a major resource for research into the history of health care financing and delivery, and some of the forces behind the rapid and sweeping changes now underway in the health care field.

A Synopsis of Kaiser Permanente History

There have been several milestones in the history of Kaiser Permanente. One could begin in 1933, when young Dr. Sidney Garfield entered fee-for-service practice in the southern California desert and prepared to care for workers building the Metropolitan Water District aqueduct from the Colorado River to Los Angeles. Circumstances soon caused him to develop a prepaid approach to providing quality care in a small, well-designed hospital near the construction site.

The Kaisers learned of Dr. Garfield's experience in health care financing and delivery through A. B. Ordway, Henry Kaiser's first employee. When they undertook the Grand Coulee project, the Kaisers persuaded Dr. Garfield to come in 1938 to eastern Washington State, where they were managing a consortium constructing the Grand Coulee Dam. Dr. Garfield and a handful of young doctors, whom he persuaded to join him, established a prepaid health plan at the damsite, one which later included the wives and children of workers as well as the workers themselves.

During World War II, Dr. Garfield and his associates--some of whom had followed him from the Coulee Dam project--continued the health plan, again

at the request of the Kaisers, who were now building Liberty Ships in Richmond, California, and on an island in the Columbia River between Vancouver, Washington and Portland, Oregon. The Kaisers would also produce steel in Fontana, California. Eventually, in hospitals and field stations in the Richmond/Oakland communities, in the Portland, Oregon/Vancouver, Washington areas, and in Fontana, the prepaid health care program served some 200,000 shipyard and steel plant employees and their dependents.

By the time the shipyards shut down in 1945, the medical program had enough successful experience behind it to motivate Dr. Garfield, the Kaisers, and a small group of physicians to carry the health plan beyond the employees of the Kaiser companies and offer it to the community as a whole. The doctors had concluded that this form of prepaid, integrated health care was the ideal way to practice medicine. Experience had already proven in the organization's own medical offices and hospitals the health plan's value in offering quality health care at a reasonable cost. Many former shipyard employees and their families also wanted to continue receiving the same type of health care they had known during the war.

Also important were the zeal and commitment of Henry J. Kaiser and his industry associates who agreed with the doctors about the program's values and, despite the antagonism of fee-for-service medicine, were eager for the success of the venture. Indeed, they hoped it might ultimately be expanded throughout the nation. In September, 1945, the Henry J. Kaiser Company established the Permanente Health Plan, a nonprofit trust, and the medical care program was on its way.

Between 1945 and the mid-1950s, even as membership expanded in California, Oregon, and Washington, serious tensions developed between the doctors and the Kaiser-industry dominated management of the hospitals and health plan. These tensions threatened to tear the Program apart. Reduced to the simplest form, the basic question was, who would control the health plan--management or the doctors? Each had a crucial role in the organization. The symbiotic relationship had to be understood and mutually accepted.

From roughly 1955 to 1958, a small group of men representing management and the doctors, after many committee meetings and much heated debate, agreed upon a medical program reorganization, including a management-medical group contract, probably then unique in the history of medicine. Accord was reached because the participants, despite strong disagreements, were dedicated to the concept of prepaid group medical practice on a self-sustained, nonprofit basis.

After several more years of testing on both sides, a strong partnership emerged among the health plan, hospitals, and physician organizations. Resting on mutual trust and a sound fiscal formula, the Program has attained a strong national identity.

The Oral History Project

In August 1983, the office of Donald Duffy, Vice President, Public and Community Relations for Kaiser Foundation Health Plan and Hospitals, contacted Willa Baum, director of the Regional Oral History Office, about a possible oral history project with twenty to twenty-four pioneers of the Program. A year later the project was underway, funded by Kaiser Foundation Hospitals' Board of Directors.

A project advisory committee, comprised of seven persons with an interest in and knowledge of the organization's history, selected the interviewees and assisted the oral history project as needed. Donald Duffy assumed overall direction and Darlene Basmajian, his assistant, served as liaison with the Regional Oral History Office. Committee members are John Capener, Dr. Cecil Cutting, Donald Duffy, Robert J. Erickson, Scott Fleming, Dr. Paul Lairson, and Walter Palmer.

By year's end, ten pioneers had been selected and had agreed to participate in the project. They are Drs. Cecil Cutting, Sidney Garfield, Raymond Kay, Clifford Keene, Ernest Seward, and John Smillie, and Messrs. Frank Jones, George Link, Eugene Trefethen, Jr., and Avram Yedidia.

By mid-1985 an additional ten had agreed to participate. They are: Drs. Morris Collen, Wallace Cook, Alice Friedman, Benjamin Lewis, Sam Packer, Bill Reimers, Harry Shragg, and David Adelson, Lambreth (Handy) Hancock, and Berniece Oswald.

Plans to interview Dr. Garfield and Dr. Wallace Neighbor, who had been at Grand Coulee with Dr. Garfield, were sadly disrupted by their deaths a week apart in late 1984. Fortunately, both men had been previously interviewed. Their tapes and transcripts are on file in the Central Office of the medical care program. Similarly the project lost Karl Steil due to his lengthy illness and death in 1986.

The advisory committee suggested 1970 as the approximate cutoff date for research and documentation, since by that time the pioneering aspects of the organization had been completed. The Program was then expanding into other regions, and was encountering a new set of challenges such as Medicare and competition from other health maintenance organizations.

Research

Kaiser Permanente staff and the interviewees themselves provided excellent biographical sources on each interviewee as well as published and unpublished material on the history of the Program. The collected papers of Henry J. Kaiser on deposit in The Bancroft Library were also consulted. The oral history project staff collected other Kaiser Permanente publications, and started a file of newspaper articles on current health care topics. Most of this material will be deposited in The Bancroft Library with the oral history volumes. A bibliography is located at the end of the volume.

To gain additional background material for the interviews, the staff talked to five Kaiser Permanente physicians in northern California, two of whom had left the program years ago: Drs. Martin Abel, Richard Geist*, Ephraim Kahn*, James Smith*, and William Bleiberg*. James De Long* in Portland, and William Green*, William Allen*, and Dr. Toby Cole* in Denver talked about the history of their regions. In addition, Peter Morstadt*, formerly executive director of the Denver Medical Society discussed the attitude of the Medical Society toward Kaiser Permanente's years in Denver.

The staff also sought advice from the academic community. James Leiby, a professor in the Department of Social Welfare at UC Berkeley and an advocate of the oral history process, suggested lines of questioning related to his special interest in the administration of and relationships within public and private social agencies. Dr. Philip R. Lee, professor of social medicine and director of the Institute for Health Policy Studies at the University of California Medical School, proposed questions concerning the impact of health maintenance organizations on medical practice in the United States.

Organization of the Project

The Kaiser Permanente Oral History Project staff, comprised of Malca Chall, Sally Hughes, and Ora Huth, met frequently throughout 1985 to assign the interviews, plan the procedures and the time frame for research, interviewing, and editing, and to set up a master index. Interviews with the first nine pioneers took place between February and June, 1985, and with the second group between February and December, 1986. The transcripts of the tapes were edited, reviewed by the interviewees, typed, proofread, indexed, copied, and bound. The entire series will be completed during 1987.

Summary

This oral history project traces, from various individual perspectives, the evolution of the Kaiser Permanente Medical Care Program from 1938 to 1970. Each interview begins with a discussion of the individual's family background and education--those tangible and intangible forces that shaped his or her life. The conversation then shifts to the interviewee's participation in and observation of significant events in the development of the health plan. Thus, the reader is treated not only to facts on the history of the Program, but to opinions about the personal qualities of the men and women--doctors, other health care professionals, lawyers, accountants, and

*Tapes of these interviews have been deposited in the Microforms Division of The Bancroft Library.

businessmen--who, often against great odds, dedicated themselves to the development of a health care system which, without their commitment and skills, might not have resulted in the individual and organizational achievements that the Kaiser Permanente Medical Care Program represents today.

The Regional Oral History Office was established to tape record autobiographical interviews with persons who have contributed significantly to the development of the West. The office is headed by Willa K. Baum and is under the administrative supervision of James D. Hart, the director of The Bancroft Library.

Malca Chall, Director
Kaiser Permanente Medical Care Program
Oral History Project

23 January 1987
Regional Oral History Office
Berkeley, California

INTERVIEW HISTORY

Berniece Oswald was controller of the Oregon region's Kaiser Foundation Hospitals/Health Plan and the medical partnership from 1945-1972. She started, following World War II, as chief accountant at a time when the medical program was no longer attached to the Kaiser shipyards as an employee service. A small remnant of a central staff and a half-dozen physicians were struggling to promote this pioneering pre-paid panel-style comprehensive medical program in the Portland-Vancouver community-at-large.

These determined and dedicated people supported psychologically and financially by Sidney Garfield, the program's physician-founder, and his medical group in Northern California, achieved their goal. Between 1945 and 1960 the program grew from an estimated 2300 members to 56,000 with a health plan, medical personnel, and facilities to serve those numbers.

Because of her many years of service with the Kaiser organization and the fact that she had an important role in the development of the region's remarkable growth and held a significant office in an enterprise where women at the executive level were rare, Mrs. Oswald was invited to take part in this oral history project.

We met for two hours in my room in Portland's Benson Hotel the morning of April 28, 1986. Mrs. Oswald had studied the outline, sent ahead to guide the discussion, and had made notes of items she particularly wanted to cover. Although she had worked long hours and was, in her own words, "married to the Kaiser organization," it seemed clear, as we talked, that she had enjoyed the experience. It was always challenging, requiring the creative application of continually upgraded skills. Furthermore, the people with whom she was associated both in Portland and Oakland provided the stimulation, help and friendship so essential to professional satisfaction. Little wonder she remained in the office for nearly thirty years.

Mrs. Oswald returned the transcript with few revisions. She donated two reports dealing in general with financial matters of the health plan and the medical group, which will be deposited in The Bancroft Library, and several pictures, which have been included in this volume.

This interview and that of Dr. Ernest Saward, past medical director for the Oregon region, provide different perspectives on the history of the medical care program in Oregon.

Malca Chall
Interviewer-Editor

28 January 1987
Regional Oral History Office
486 The Bancroft Library
University of California at Berkeley

BIOGRAPHICAL INFORMATION

(Please write clearly. Use black ink.)

Your full name BERNIECE PIPPY OSWALD

Date of birth OCT. 3, 1909 Birthplace PORTLAND, OREGON

Father's full name CHARLES FRANCIS PIPPY - DECEASED 1918

Occupation CABINET MAKER Birthplace ST. JOHN'S, NEWFOUNDLAND

Mother's full name THERESA KATHERINE PIPPY - DECEASED 1971

Occupation HOUSEWIFE Birthplace STEVENS POINT, WISCONSIN

Your spouse —

Your children —

Where did you grow up? PORTLAND OREGON

Present community EASTMORELAND COMMUNITY, PORTLAND

Education HIGH SCHOOL, CORRESPONDENCE COURSE IN ACCOUNTING,

VARIOUS COURSES OREGON UNIVERSITY EXTENSION NIGHT SCHOOL

Occupation(s) OFFICE MANAGER SAFEWAY PRODUCE WAREHOUSE, PORTLAND;

PAYROLL HADDECK SHIPBUILDING, OLYMPIA WASHINGTON; TAX AUDITOR, IRS PORTLAND;
ACCOUNTING CPA OFFICE PORTLAND; REGIONAL CONTROLLER KAISER MEDICAL

Areas of expertise CARE PROGRAM NORTHWEST

Other interests or activities CHURCH ACTIVITIES - ALTAR GUILD,

LIBRARIAN, MISC. COMMITTEES; BRIDGE; CONCERTS AND THEATER;
READING-

Organizations in which you are active —

HISTORY OF THE KAISER PERMANENTE MEDICAL PROGRAM:
THE NORTHWEST REGION

[Interview 1: April 28, 1986]##

Education to Become an Accountant

Chall: At the beginning, I just wanted to know something of your own family background, so that I have an idea of how you managed to get where you did get. Where were you born, and when, if you don't mind saying so?

Oswald: I was born in Portland, on October 3, 1909. That makes me 76 now.

Chall: My! As people say, you carry it well.

Oswald: Thank you.

Chall: So you went to school here in Portland?

Oswald: Yes. I went to school in Portland. We were a very poor family, so I didn't get to go to college. I mean, to a regular college. But I took night courses; I took my accounting by correspondence. They sent me sheets to study and I would complete them and send them back. Correspondence school, that's what they called it. I don't think they have those any more.

Chall: Was that a local accounting school?

Oswald: No, I can't remember where it was, somewhere back East. I think it was called Alexander Hamilton!

Chall: What made you decide to study accounting?

##This symbol indicates that a tape or a segment of a tape has begun or ended. For a guide to the tapes see page 37.

Oswald: Well, it's very strange, but if I believed in reincarnation I think I must have been an accountant, or some sort of financial person in my other life [laughs]. When I was thirteen I had my first bookkeeping job. Actually, it was for a neighbor. He had a little foundry. I went down there I think two hours a day, something like that. I was supposed to just answer the phones, but I got into his records. I seemed to know what I wanted to do. I remember he and my mother and I went downtown and I picked out books that I wanted. I was just interested in it.

From then on, every job that I had, I would seem to work into either accounting--as much as I knew at that time, of course--or office manager, or something like that.

Chall: Did you like mathematics or arithmetic when you were in school?

Oswald: Yes, I did.

Chall: Where did you go to school in Portland?

Oswald: Well, I went to Brooklyn School, the elementary school, and then I went to Washington High School. I took several night courses at the University of Oregon Extension. I took Business Law, which I wasn't too good at! [laughs] But I got something out of it. I took courses like Spanish, and economics, and things like that.

Chall: So when you finally went into full-time work after high school, was that also in an office?

Oswald: Yes. I learned to operate a calculator by using the first two rows on the keyboard, then increased to three, four, and five rows, until I could operate it without looking. Anyway, it just kind of developed for me. Nice people along the way helped me.

Career with Kaiser Permanente: 1945-1972

Chall: So you started early then. You started in 1945, to come to this plan here. In the bookkeeping--?

Oswald: I came in as chief accountant. Actually, they had had auditors in there for six months, and they had insisted that they employ an accountant, because--well, various things. No depreciation was set up, a lot of things I found even after I started work.

I had a friend here in Portland, she was actually a saleswoman for Burroughs company--top saleswoman--and she also had an employment agency, for Burroughs. She was always moving me around to different places. During the war, I was up in Olympia. I worked in the office of one of the shipbuilding companies for a couple of years. Before I went up there I worked for Internal Revenue for two years, auditing returns. Then I worked for several months in a C.P.A.'s office.

Chall: In Portland?

Oswald: Yes.

Chall: So you'd had quite a bit of experience already.

Oswald: Yes. Then, of course, as the program developed, I took on more responsibility. I was named regional controller and Sam Hufford was named regional manager at the time of the reorganization of Northern Permanente Foundation--the original name of the northern operation. At that time (either July 1955 or January 1956) the health plan continued operating as the original corporation, but was renamed Kaiser Foundation Health Plan of Oregon. The hospital operation then became a wholly owned subsidiary of the parent organization, Kaiser Foundation Hospital, Inc.

Chall: Did you continue to take courses as things got more difficult?

Oswald: Well, I learned from several people in the organization. Dr. Ernest Saward was a very good teacher. Art Weissman, of course, was another good one. I learned a great deal from Art. I used to think Ernie pushed me sometimes, but it was for my good. I had to get in and learn things. But it was good for me.

Remembering the Pioneers

Chall: All right. Let's start learning about your career with the Portland center. When you came in, Dr. Wallace Neighbor was medical director.

Oswald: Right. Frank Stewart was--I think they called it superintendent at that time.

Chall: Yes, because they didn't have the nomenclature they do today, or the set-up even, and Portland was structured differently for a long time.

Oswald: I think he went from superintendent to administrator to regional manager.

Chall: After 1955?

Oswald: No. Before that.

Chall: Tell me about Dr. Neighbor, then. You came in and he was, nominally, your boss?

Oswald: Yes. He was a very nice man; very quiet person, and very, very nice. As far as I know, he related to most of the doctors well. I don't know if you want me to go beyond where the split was.

Chall: It doesn't really matter--just whatever comes to mind. I can always break in.

Oswald: Some of the doctors had a difference of opinion about some matters with Wally Neighbor.

Chall: Let me get the chronology straight. Dr. Neighbor was here from, well, the war years until 1947?

Oswald: I guess it was from '42, yes, that was when the hospital in Vancouver opened.

Chall: And Dr. Saward came to Portland in 1945.

You were saying that there was a split in policy within the medical group, as to where the organization would go. Is that it?

Oswald: Yes.

Chall: Well, I guess their personalities were very different, weren't they?

Oswald: Very much, I should say. Hard to say--[laughs] You feel it, but then you don't know exactly. I was not an insider at that time, but I know that the doctors wanted to form their partnership on a more businesslike basis to eventually develop an "arms length" arrangement with Kaiser because of their professional status. Dr. Neighbor returned to Oakland in 1947 and Dr. Saward then became medical director. The first partnership became known as the Permanente Medical Group operated by three limited partners who employed the balance of physicians. Due to some difficulties, this was dissolved and reorganized, I believe in 1949, as Roger H. George, M.D. and Associates. This was a temporary measure and in 1950 the partnership was again established as the Doctors Clinic. I believe at this point there were ten partners, but because of problems with a couple of the partners it was necessary to again dissolve this partnership and form The Permanente Clinic, which continued until the medical group became a professional corporation, which, I believe, was in 1974 or 1975. Income of the formal partnerships was derived from private practice (non-plan patients)--a small part--and from a per member per month formula contracted with Kaiser Foundation Health Plan of Oregon for medical services to health plan members.

When Dr. Neighbor was there, the partnership was Sidney R. Garfield, M.D., and J.W. Neighbor, M.D. They paid the doctors out of the partnership, and I simply transferred the money from what was

Oswald: called then Northern Permanente Foundation. It was just one organization, that everything was carried under.

Chall: But it was set up as Dr. Neighbor and Dr. Garfield?

Oswald: Yes, Garfield-Neighbor --

Chall: Associates, or anything?

Oswald: No, just Sidney R. Garfield, M.D., and J.W. Neighbor, M.D., partnership. Very informal, you know.

Chall: Yes, well, Dr. Garfield was really in charge.

Oswald: Oh, yes.

Chall: Tell me about Dr. Garfield. You must have seen quite a bit of him.

Oswald: Well, he was one of my special people. He was a very, very nice person.

Chall: How did he work, when he came up to Portland? What do you remember about him when you think back?

Oswald: I remember when he first talked to me. Dr. Neighbor called me in, and I think Dr. Garfield was a little taken aback to see a woman in this position! Well, he knew about it, of course, but-- And it seemed to me that he had a little trouble figuring out what he should ask me. I remember he asked me if I had ever been a patient in the hospital, and if I had ever been in a hospital, knew anything about it. Both answers were no! [laughs] But he accepted me anyway. I think that I gave him some financial statement at the time, that I had developed. There was nothing formal at that time, as far as a statement of operations was concerned.

I got along fine with him. In our "low times", when we didn't have enough money to meet the payroll, several of us had to hold back our checks. Dr. Neighbor would ask me to call Dr. Garfield and ask him for money! It was always just, "All right. Go on."

Chall: Is that so! Those were rather difficult days. Not enough income.

Oswald: I was scared to death of him.

Chall: Well, he was noted for keeping a close eye on the income and the outgo. But he always came through?

Oswald: Oh, yes.

Chall: Did he ever try to find out why you were unable to make the payroll?

Oswald: Oh, I think he was very well aware. This is after the war. See, at the time of the war, when I first went in, we were getting a check every week from the shipyard. And there was some industrial insurance, and a few of the subcontractors as I remember had some of their people on the plan. But it was very simple.

Then, of course, when the shipyard was closed and the people started going home, we had to look to the outside. And those were rough days. There wasn't too much in Vancouver--that's when Sam Hufford, who joined the organization in November, 1945, and several others went out into the countryside to sign up members.

I had one very amusing incident with Dr. Garfield. This was when we opened the Bess Kaiser Hospital [1959], and we were all together in Huffords' hotel suite, where we were discussing the opening. Dr. Garfield came over to me and said, "Did you ever get a raise?" I said, "No, I didn't." We were just kidding. And so he pulled this five dollar bill out of his wallet and wrote this on it. [reads] "To Bee, our favorite treasurer, for services rendered, with love, Sid G."

Chall: I think that's one of the better Sid Garfield stories I've heard! [laughter] But then they gave you a real raise after.

Oswald: Oh, yes. After this particular incident I got a raise; I'm sure he arranged it.

Chall: That's really very funny. I think you should--

Oswald: I should frame it. It's really getting tattered.

Chall: I like the "G", the way he puts a circle around it.

Oswald: That's how he always put it on his correspondence, you know. He just put a "G" with a circle around it.

Chall: He's described in so many different ways by writers, mainly Paul de Kruif, and so we often wonder what he was really like.

Oswald: He was very quiet. Sid didn't have very much to say. He had a slow grin that would come out. But he was a very compassionate man, when you really got to know him. He was a very fine person.

Chall: He was quiet, but he must have had a will of iron--

Oswald: Oh, yes.

Chall: --to have managed what he did, and to get done what he did. He was really the boss. I don't know whether he was countered very often, whether if people disagreed with him a great deal, how he would take

Chall: disagreement. Would there be give and take in the organization here, on various matters?

Oswald: Oh, yes.

Chall: But you didn't sit in on them.

The Postwar Financial Struggles

Oswald: Not much in the early days, no. Except when he came up the time that we had the veterans' TB unit. We had a whole section of veterans under contract with the Veterans Administration. That's one thing that helped us over those difficult times.

Chall: Yes, the veterans' program.

Oswald: And during that time Dr. Garfield came up--he used to come to Vancouver periodically, you know--and he was thinking about cancelling the veterans' program and closing Vancouver. I'm sure that the doctors, in talking to him, told him that we could continue, if we just had some help over that period, and also to take the plan into Portland. I made up some figures, I remember, and gave them to him: it showed that we would be better off if we kept the veterans' program--a matter of volume to offset our expenses. I remember I put it on just a little piece of paper, and he was looking at that and studying it. He said, "Well, I'll take it down to Oakland." He gave it to Bill Price, who was their financial man. Then he called back, and said, "You know, Bill thought that that was right, and that you should continue with the veterans."

Chall: Then did they send you help--help finance you in some way?

Oswald: Not at that time, except the times that I would call him and ask him for money. I'm going to look at my notes again. [pause] After the war when people left the area, the membership was down to about 2300 as I remember. Some of the people who stayed in the Vancouver area continued their health plan on an individual basis. We just had to do something else. Sam [Hufford] was the health plan representative at that time, and he and another fellow scoured the area. I remember their stories, wandering into a lot of these barnyards and talking to people around there, you know, and signing them up; knocking on doors, and--[laughs] it was really rough for them.

We had closed all of the hospital except the first small unit, which helped some, and then we contracted as of January 1, 1947 to operate the Vanport, Oregon hospital. This was a small community

Oswald: that the government had built for the shipyard workers.

The army engineers had built a dam, back of the town, to keep a lake--it was called Smith Lake, I believe--to hold the water in. I don't know how many people lived there, but there were quite a few.

On Memorial Day of 1948, the dam broke. It was a terrific thing--all the water went through these houses, and actually knocked some of them out entirely. They went down the other side of the highway. The whole place was inundated. I was down at the beach at the time, I remember, and the pharmacist and purchasing agent at that time had an airplane. He called me and said, "You'd better get over here! I'll pick you up at the Troutdale airport." It was east of Portland and the only airport operating at that time. I got right out there right away, and we flew back to Vancouver. The bridge was closed; you couldn't get across any other way.

Luckily, we had moved the patients out of the hospital the first of May. My group--the accounting group--had moved back to Vancouver the fifteenth of May. And this came, you see, on Memorial Day, which is the end of May. But we had an outpatient department and a pharmacy still was in Vanport. I left the industrial insurance records--all of the individual records--over there. I can't remember now why, but we decided it was better--you know, to reach the people, having it over there. We had a terrible time trying to figure out what the state owed us! But, we finally worked it out, of course.

Chall: So you lost your records.

Oswald: Yes. Well, we had moved most of them back to Vancouver, but they were in such bad condition we could not use them.

Chall: You really lost a whole hospital, then?

Oswald: Yes.

Chall: The whole facility?

Oswald: Well, it wasn't ours, we had just actually paid a dollar a year to the government, just to operate it.

Chall: But you were using it. So now you needed another facility.

Oswald: Well, we brought the patients back to Vancouver, so we had them there. But the Vanport hospital wasn't large--I think we had twenty-one beds at that time!

Chall: Pretty small.

Oswald: Yes, very small.

Then, by 1949, we had contracted with the Veterans' Administration for the care of their TB veterans. We opened the largest hospital unit--the middle one--Unit II. I remember there were about 130 patients. This tided us over.

Chall: Still in the Vancouver hospital?

Oswald: Still in Vancouver, yes. I don't know how much of this you want to know, but it is part of our development.

Chall: Yes, I want to know, especially since you have made notes of what you consider significant.

Oswald: We had a very bad freeze at the end of '49, first part of '50, that winter. Everything was shut down; we had no power. The only thing we had was a bunsen burner in the lab, to heat water on! [laughs] And we had all these veterans to take care of. At that time, Rex Hamby, who was the—I think by that time he was called administrator--was down in California at a meeting. He wasn't too well; he was taking some medical treatment down there also.

I always wore different hats, you know; during this time I was acting administrator. I hired lab technicians and x-ray technicians [laughs]--didn't know anything about it, you know. This is the way I learned.

So, during that freeze, I remember that the chief engineer and the director of nurses and myself sat up all night trying to find a generator that was big enough to heat the units--the hospital small unit and the large one with the veterans in it. We finally found a generator--and I think that was due to the army--found this generator, and then we had to find somebody to haul it over to Vancouver! And it was icy, terribly icy. We finally found a fellow out in Gresham, which is east of Portland. He did bring it over, and we finally got it started around 4 o'clock in the morning.

Chall: Goodness. Those were exciting and difficult times!

Oswald: Yes, they were. Some of the vets were annoyed because they didn't have heat. We couldn't bring them all the things that they wanted. Some of them got up and left; went downtown to Vancouver, which was--oh, I would say, five or six miles distant. Incidentally, the hospital was in a beautiful area, a prune orchard, sitting up on the bank, overlooking the shipyards and the Columbia River—it was a very lovely area.

Oswald: We had a nurses' home on the grounds, and I was living over there at the time. We used to run across and jump under the covers, to keep warm. [laughter] You know, take our clothes off under the covers! Get up in the morning and jump under a shower. We could keep the hospital warm with the generator, and we had an emergency generator in the surgery, of course, but that didn't do the hospital any good.

Chall: You did have an emergency generator, in the hospital?

Oswald: In the surgery, yes.

The Medical Program moves to Portland

Chall: I guess this would push getting another facility, wouldn't it?

Oswald: Yes. Well, we realized we had to do this. We just had to go into Portland, because we couldn't solicit the groups there with care in another state. Some of the people living in Portland, who had been in the shipyards, individuals, would come into the plan even if they had to come to Vancouver. But we couldn't solicit the big groups in Portland--they'd have to come over to another state even to have a baby! We just had to get into Portland.

The first move to Portland was into the Broadway Clinic in 1957. I believe that was--oh, I don't remember, probably mid-year.

Chall: That was your out-patient clinic?

Oswald: That was just a clinic, an out-patient clinic, yes.

Chall: You still had the hospital in Vancouver. Was there any thought of using hospital beds in hospitals locally, as they had done in some areas?

Oswald: Yes, we did that, as I remember. Now that you mention it; I had forgotten that. We did that for a while. I can't just remember what hospital we used.

Chall: Of course, the medical society didn't look with great favor on the Kaiser project.

Oswald: That's right. They called us socialized medicine. I know Dr. Garfield presented the facts to some committee in Washington, D.C. This was certainly not socialized medicine, because one of the things that we--after going into the groups--stressed was open enrollment. We didn't take 100 percent, we wouldn't take 100 percent. We

Oswald: wanted them to have a choice, and not feel that they were tied to Kaiser.

Then, I remember making a ten-year forecast [about 1950-1960] to take to Oakland to show what we could do, if we had a hospital in Portland. [laughs] I worked on it--this was also Memorial Day, I don't know why it always comes up--I worked all day on it. Dr. Saward was out of town that day. He came home around nine o'clock, so I called him and told him what I had come up with. He had a number of suggestions. So I took everything home and I worked all night on it; rearranging it, you know, with his very good suggestions, of course. I just had time to shower and go down to the airport and take a plane to Oakland!

Chall: Oh, you went down to Oakland to present it?

Oswald: Yes, to present it. I remember saying to Dr. Saward, "Well, this is the way it comes out, but we can't do that, we won't be able to..." He'd say, "Well, you know, we probably can." ##

Chall: Your ten-year forecast. To whom did you present it?

Oswald: Well, I'm sure that Sam was there too; I didn't go alone, but as I remember, we presented it to Joe Reis, who was treasurer, corporate treasurer. I'm sure it was at that time.

After, of course, a number of discussions. Sam and Ernie went down several times, you know, saying what we would like to do, with plans of the hospital, and all this sort of thing. I remember going down with them when Edgar Kaiser came in and looked over the plan--the architect's plan. We had it up on the board. He looked over the whole thing, and eventually gave his approval.

Chall: Now, the approval was really for step number one--to build a hospital. Would that have been the first step in your ten-year plan?

Oswald: Well, first we went in with a clinic, you know, in 1957. Then the hospital was completed July of '59. Of course, we were signing up these groups--for instance, longshore, and I think before the hospital was open or maybe shortly after, the civil service employees--the federal employees. We even signed them up with the idea that while the hospital was under construction, they could see our intent. So, we were able to begin to sign up the groups that would eventually develop the health plan in Portland.

Dr. Saward's Tenure as Medical Director, 1947-1970

Chall: You say that Dr. Neighbor left about 1947. So by this time Dr. Saward was totally in charge?

Oswald: Oh, yes. Well in charge. I should say.

Chall: Was he so much in charge that Sam Hufford was more his subordinate than he was in charge of the region? What was that relationship?

Oswald: Yes, he definitely was.

Chall: Did Hufford--did he chafe under this, or was this sort of an acceptable role for him?

Oswald: He respected Ernie, very much. At times maybe he did resent this, I can't say. I sometimes used to feel in-between [laughs].

Chall: I got the feeling from reading Ernie Saward's oral history that he was really in charge, that he stayed in charge of the regional office and the medical group.*

Oswald: Sam did know the Kaisers, from way back, from the Bonneville Dam project. His folks owned the hotel in Stevenson, a town near the project on the Washington side of the river.

Chall: Oh! That's where he comes from.

Oswald: Yes. And so he was exceptionally good, in helping us to meet the people in the south [Central Office, Oakland]. Before that, we were sort of on our own. I know that when I'd go down, he knew the People and he'd introduce me. It was good to get to know these people that way. On a social level. In this respect, Sam was very important to the organization. As far as health plan was concerned, he had an excellent background. But definitely Dr. Saward was in charge of the region.

Chall: Regardless of what his title was?

Oswald: Yes. That's why, so many times, it made it difficult for me, because I would be in the middle. In fact, when Sam went back to

*See interview with Earnest Saward, M.D., History of the Kaiser Permanente Medical Care Program, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1986.

Oswald: MIT, on executive training, he went back for ten weeks. And Ernie came to my office and said that he wanted me to take over as acting regional manager, which I did. I hesitated very much, because our team worked so well as a unit. That is, the operating team, which consisted of Jim DeLong, as hospital administrator, Jim Crockwell, as health plan manager, and myself, financial. In fact, we were called the two Jims and B! [laughs]

Chall: Then you took over as acting regional manager.

Oswald: Yes. Ernie said--well, after all, I did have the overall picture, being the financial person. Jim DeLong didn't have the health plan knowledge and Jim Crockwell didn't have knowledge of the operations of the hospital and clinics. Also, he felt that if he named one of the two Jims, the other would-- [laughs]. And, for some reason or another, they accepted me. Well, we always had good relations, and they accepted me. They did their jobs; I didn't interfere with them at all during this time.

When it came to working with Oakland, for instance, if they had any problem, they'd come and we'd all discuss it.

When he went, he understood I was going to take his place. We had always been and still are close friends. In fact, I am Godmother to one of their children.

Chall: What happened when he came back, though? You just stepped aside?

Oswald: Yes. It was no problem.

Chall: But then did Dr. Saward come to you with a lot of his concerns?

Oswald: Oh, yes. He always did.

Chall: This team of yours, of Hufford, Crockwell, DeLong, and Oswald, was a long-term team.

Oswald: Yes. And Saward; we were the management group. And we had every kind of problem. This was after we got into Portland and it was more of an organizational thing than it had been before.

Chall: And you met as a group--as a team--once a week? Went over all problems?

Oswald: Yes.

Chall: How were those meetings--who chaired them? [laughter] Should I ask?

Oswald: Dr. Saward!

- Chall: He seems to be able to get to the point, to focus. He was well-trained.
- Oswald: Yes, a very deep thinker. He would come up to me with, "B, I think we ought to do so-and-so, and start doing so-and-so," and I would think, "Oh, no!" [laughs]
- Chall: Always something percolating?
- Oswald: Yes. But this is the way we developed. He definitely was boss. And I think all of the people knew that.
- Chall: Was he a boss who was liked and respected, or simply tolerated? Or would it depend?
- Oswald: He was respected. The doctors--some of the doctors--felt that he was a little too hard on them. Brings a couple things to my mind. If it was snowing and they didn't get in, he would threaten to cut their paycheck! He'd say, "They couldn't get in!" He lived in a place where there was a steep hill and he always got there! [laughs]
- Chall: I see! He'd also grown up where it snowed a lot, and I suppose, to him, snow was just normal.
- Oswald: But they respected him, certainly. Finally he decided to go back to Rochester as dean of the medical school, University of Rochester. This was, of course, a wonderful opportunity for him too. He still remained as a member of the clinic--partnership, at that time it was a partnership, now it's a professional corporation.
- That was one of the reasons he wanted me to come back, after I had formally retired, as controller of the medical group. Because he was leaving in July of 1970, and I had retired from Kaiser in February of 1970.
- Chall: I see. The 1969 Annual, the report that's put out every year by the health group, has Robert Scott as the regional controller.
- Oswald: He didn't take over until the first of 1970. Actually, my term went through February--I had vacation time up to that time. I actually left the end of '69. But I show employment to February something, 1970. But Bob shouldn't have been in the report of '69, as I was controller through that year.
- Chall: Yes. Well, he's in the 1969 yearbook.
- Oswald: Oh. I didn't realize that.

Chall: I'm sure I have this right, I copied them all and dated them. But I can check that out again.*

Oswald: Well, they may show that as the current officers, you know--

Chall: Knowing you were about to--

Oswald: Well, this would be written up in 1970. He was controller at that time.

Chall: But you had been controller of both the medical group and the hospital and health plan?

Oswald: Yes.

Functioning as Controller of the Region

The Medical Group

Chall: So, then when Mr. Scott took over as controller of the hospital/health plan, the medical partnership wanted its own controller, or Dr. Saward wanted you in there?

Oswald: Well, he wanted me, because of my knowledge of the financial development of the partnership, since he was leaving in July, 1970. I had one month, the month of January, 1970, that I felt everything just dropped from my shoulders--all the responsibility. Then Dr. Saward came to see me, I think it was the first part of February, and said that the doctors--this is the way he put it--the doctors didn't know that I had retired as their controller. I said, "Well, I certainly did." I didn't really want to come back, because of the fact that-- Well, I talked to Bob Scott about it, and he was not at all pleased; he didn't want me in that area. I could understand it, because the financial people were loyal to me. He wanted, of course, to take that over himself.

We talked for quite a while, and finally, about the first of March I think, I did go back, but had my office in one of the little houses in the Bess Kaiser area that we were buying in order to have

*Kaiser Foundation Medical Care Program, 1969, 32.

Oswald: more space. The purchasing department I know was at one house, and so forth. Now, of course, the area is completely developed. My secretary wanted to come back with me [laughs], so we went two days a week, and handled the medical partnership.

Chall: How did that work out, then? Did they pay you directly?

Oswald: The partnership did.

Chall: And then you were there for a couple of years, weren't you, until August, 1972. Now, did they still retain their own controller, or did they go back to one controller for both segments?

Oswald: They decided to let Bob Scott handle it. But this was just temporary. The partners did finally employ their own business manager, as they called him.

Chall: So now, do they have their own separate business manager?

Oswald: Yes, right. He handles the financial part of it.

Chall: Does that make them feel more comfortable?

Oswald: Yes, apparently it did. While I was there, because I grew up with them, you know, they felt that their finances were being handled correctly. But there was always that feeling of, I guess, among particularly the younger men coming in, that: were they really being treated properly, as far as money was concerned? And many things--their insurance, their pensions, and all this sort of thing. Because it was all Kaiser, and they wanted to be on their own.

So, going through some of the papers, I pulled out a draft that I made of the differences in the two plans: partnership and incorporation. I wasn't for this incorporation, because I trusted Kaiser to do right by them, but of course some of the new doctors didn't know that. They hadn't been involved with it, and it's probably right for them now.

Chall: Oh! What are you going to do with those papers? They have value, and the Bancroft Library is going to collect whatever papers are made available on the history of the medical care program. The Edgar Kaiser and Henry Kaiser papers are now in the Bancroft Library. Dr. [Clifford] Keene is going to place his papers in the Bancroft Library. And so, if you have a little stack--things of this kind, which show how policies are determined, and what kind of thinking went into them, that would be very good to have.*

*Mrs. Oswald will deposit these papers in The Bancroft Library.

Oswald: See, we had a problem between the two states. We were operating in both [Washington and Oregon]. These were some of the things that we had trouble working out. But I also noticed I have copies of the letter from the attorneys, telling me what we might be able to do. I can give those to you.

Chall: Oh, that would be just fine.

So, the medical people, even in 1970, were somewhat suspicious of this so-called regional office?

Oswald: Yes.

Chall: Are insurance and other financial matters a policy decision within the hospital/health plan? Is it theirs alone to make?

Oswald: Well, their pension and their insurance and all these kinds of things, were developed in Oakland, I guess, with all of the regions together. And we participated. I don't think we were any different.

Chall: I see. So the region doesn't set up--those factors aren't set up within the region itself?

Oswald: No, not benefits, although I believe there were a few differences in the Oregon Region. Bob Scott--I brought him up from Los Angeles, because he had been working with the medical group down there, and felt he understood the connection between medical group, health plan and hospital. He worked with me for two years, and when I left, I thought the doctors were pleased to take him on. But I don't really know what happened there. He was only there a couple of years, maybe not that long, after I left. And they've had three controllers since then! I don't even know the one that's there now.

I wish I had that ten-year forecast that I took to Oakland in the early fifties, I believe. I found one that was, let's see, 1960 through '69, but I don't know why I didn't have the first one, because that was really the one that was important.

Chall: It's probably in the papers somewhere.

Oswald: Yes. Because I had to find something, I remember, at one time, and they had put all my papers in a storage area. I had to go through boxes and boxes. Finally found the one I wanted.

Experiences as the Only Woman Executive

Chall: You were the only woman executive up here, and probably one of the only women in the Central Office.

Oswald: I don't think there was anyone else in the whole organization. I think Sue Kaiser [Mrs. Edgar Kaiser] was some officer, I'm not sure.

Chall: Oh, maybe with the foundation at one time.

Oswald: Could be. Or one of the industrial organizations, I'm not sure. But I think somebody said she was.

Chall: Did you get to know the Kaisers well when they were up here?

Oswald: No. See, they were about ready to leave when I came here. I had met Edgar Kaiser a few times, at meetings.

Chall: In general, what kind of treatment was accorded to you as a woman in a rather important position?

Oswald: Very well. I really didn't--maybe I wasn't looking for it--but I didn't notice any problem at all. Whenever I went down to meetings--and I didn't realize this at first--we always had to have a private dining room. I thought, "Well, isn't this nice! We have a private dining room!" Until Art Weissman was so mad, one time when I was in his office. He was on the phone, and I could tell it was something about me, you know. So, when he hung up, I said, "What's the matter, Art?" He said, "Well, I get so mad, but they won't allow women in the executive dining room!" Eventually, however, they did allow me to eat in there.

Chall: Of the Kaiser building? Isn't that interesting.

Oswald: Of course, now it's very different. And so when we were developing the medi-gap rate to cover those things medicare did not include, I went back to the social security office--

Chall: In Washington?

Oswald: Yes. At one of the meetings, a girl came over to me and she said, "Oh, I'm so glad to know you! I was down in Oakland one time, and Dr. Keene was showing me around the office building. We were on the top floor, and he said, 'I'm sorry, I can't take you into the executive dining room. There are only two women who have been in there. One is Berniece Oswald of Portland, and the other is Lucille Ball!'" [laughs] I thought, well, I'm honored. Of course, women are now included.

Chall: They would have to be! There would be a picket line around there if they weren't.

Oswald: Well, now there would, but they didn't think anything about it then.

Chall: Were there any--of course, they could have had their wives in from time to time.

Oswald: I don't know. I really don't know. But she said, "Only two women ever have been in there--!" [laughs]

Chall: You didn't realize it. And so they always had to go out of the building?

Oswald: Not out of the building, but we had to have a separate dining room. They had, for meetings I guess, separate dining rooms. And I thought it was great! But it was because I was a woman.

Chall: But other than that?

Oswald: Other than that, I was always treated well. I'd have felt it, I'm sure. Ernie Seward definitely was--you know, if women had the ability, I guess, he would certainly let them expand. So there was no problem there. Dr. Keene I didn't have any problems with. I can't think of anyone, really, that might have had any feeling about me because I was a woman. Which was unusual, I guess. But now, of course, they have women on the board, and they have a number in various official positions.

Chall: Yes. They have quite a few in their Central Office; there are more and more.

This goes back a little bit, but the Tahoe conference [1955] and the preliminaries to that may have affected the California regions more than up here in Oregon. I just wondered whether you felt any of those repercussions up here; that is, the whole dissension between the Kaiser people, the hospitals and health plan, and the medical group? At least in northern California, and southern too, to some degree, they felt that the industry people were having too much control over them.

Now, whether or not that was any concern of Ernie Seward's and the group up here, I don't know.

Oswald: I don't remember that. It must have been at that time that the Northern Permanente Foundation was split into Kaiser Foundation Hospitals and Kaiser Foundation Health Plan of Oregon. ##

When you mentioned Hawaii, their man who went over originally as controller worked with me--oh heavens, how long was he here?

Oswald: A month or so, before he went over there--Conrad Bohuslav. As I understand, he's back in Oakland--he came back over here for a while, and I understand he's back in Hawaii now.

Chall: Yes, I've seen the name on the material. So he got some training with you at the start?

Oswald: Yes, that's right.

Chall: And went over as controller?

Oswald: Yes. 1959, as I remember.

I was thinking, too, this might be interesting to you. Kaiser had--I think it was an automobile factory--I'm not sure, but it was something in South America. Maybe you've gone over this?

Chall: Some of the interviews have. Do you know about that?

Oswald: Well, Dr. Seward went down to develop the health plan.

Chall: Where did you say that was?

Oswald: Well, it was in Argentina [Cordoba]. Before he left on one trip--I think he'd gone down several times--he said to me, "You get a passport. I think things are in kind of a mess down there, and if I call you, I want you to come right away." I don't know why he thought that [laughing] I could just leave everybody and go. But anyway, I did, I got my passport, and I would have gone. But he wired back and said that Price Waterhouse had taken over. Then one of the accountants from Price Waterhouse came up here, and worked with me for a while. He was a very interesting man. In fact, we corresponded for quite a while. He knew I was interested in foreign coins, at that time, and he sent me various coins and paper money. Very interesting man. I had kind of forgotten about that.

Chall: Was he from Price Waterhouse here in the United States, or was he an Argentinian?

Oswald: He was--it seems to me he was from Uruguay. And whether he went just for this job, I don't know.

Chall: So he was really a South American?

Oswald: Yes, he was. But Uruguay comes to mind, and it seems to me that that's where he lived.

I didn't get my trip to Argentina!

Chall: That's too bad! You traveled a bit around the United States; mostly between here and Oakland?

Oswald: Right.

Chall: When you went to Oakland, where did you stay? In one of the hotels?

Oswald: One of the hotels, yes. Usually in San Francisco; you know, get a car, and drive to Oakland. They had better hotels than Oakland. Except for that beautiful big--I don't even remember the name of it any more.

Chall: The Leamington was about the only one I can think of, in Oakland.

Oswald: Oh, no, that was awful! [laughs]

Chall: So you had another one in Oakland?

Oswald: There was one up on the hill, it was almost like a fairy castle. It was a beautiful old hotel, very old. I can't think of the name of it.* But we stayed there quite a few times. But most of the time we would just get a car and stay in San Francisco.

Chall: You went down specially for meetings. Were they always for board meetings, or were there other special meetings?

Oswald: Oh, no. The controllers would have meetings, would get together, whenever there was something to discuss and learn about.

Chall: Now, how many controllers would there be? There would be one from Hawaii, and one from Oregon, and northern and southern California, and that was it?

Oswald: That's all there were. I don't recall the Cleveland controller attending any of the meetings. There were a few other people, like Irv Bolton, and Art Weissman, and Walt--what was Walt's name? Oh, isn't that something. That's awful, my memory is so bad!

Chall: Oh, I think you're doing very well. I have here lists of board of directors and officers that go all the way back to '64 or '65. Maybe you'll find his name among them.

Oswald: Walt Palmer! And some of the financial people, you know, would sit in on those meetings.

*It was the Claremont Hotel.

Chall: I guess Mr. Weissman was important.

Oswald: Oh, yes. I learned all of my knowledge about statistics from Art Weissman. He came to Portland one day, and spent the whole day sitting across the desk from me, and I remember--I was fascinated with what he was telling me. He told me all about how statistics tied in with costs, and with membership, and with--you know, things that we hadn't really gone that far in developing. He was just a fountain of knowledge, just a wonderful person.

Chall: Yes, I understand he was exceptionally good at this.

Oswald: You know, I was always working against these men with degrees, but he would take my simple explanation of things, or the way I'd worked something out--he'd take it, and he thought it was good. He always encouraged me. So I learned a great deal from him.

Modernizing the Office Equipment and Systems

Chall: Yes. Well, he could fit that into his own statistical analysis, as long as the basic material was all right. Did you work with anything besides a simple calculator in those days?

Oswald: Well, we started--I guess it was about 1964--to develop some data processing. We put the payroll on first, of course; it was just the usual thing. After a few months of difficulties, I finally tied in with a man who had been with Touche, Ross [& Co.], our auditors, who had audited us for several years, and we became good friends. He was interested in developing a business, data processing business. He originally worked with others who had the right equipment. He finally developed our--well we worked together on it--payroll system. We had all the benefits and everything on it, and it was a good system. We used outside equipment, of course.

Chall: Renting it?

Oswald: No, just paying for the work done. We went through two data processing companies before he finally got his own equipment and set up his own business. Then he worked out the first system of health plan membership, of tying it in with dues. Well, first of all, he'd get the printouts of members, eventually tying it in with office visits and patient days, I'm sure. I'm a little hazy on that one. But that developed.

Finally, I moved my office and staff from the Bess Kaiser Hospital to the basement of the Division Street Clinic. It had never been developed; so we were all down there. We continued to grow, and finally we bought our own building. A nice old building.

Chall: Just for finance?

Oswald: Just for the financial division, yes. That's when we first started key punching. We had about eight key punch operators, a couple of programmers, and a systems man. The accounts receivable and some of the billings were left at the Bess Kaiser Hospital, but they were still part of my staff.

When I left, I think there were around sixty people in the financial division.

Chall: Is that so! Look at what computers will do [laughter]. Add to the payroll--

Oswald: Of course, now it's much more sophisticated. They have their own equipment.

Chall: Before that, you just kept track of them, almost by handling the papers manually?

Oswald: Handling them, right.

Chall: And you had fewer people doing that?

Oswald: [laughs] Of course, we were smaller. I think that's always what would be said, which is true. As we grew, we had to get into data processing. We started in purchasing and inventories, but that was very difficult. We didn't have the set-up, really, to accomplish that. We did to a certain extent, but it was never right, entirely right.

Planning and Forecasting in a Fast-Growing Program

Chall: Your job as controller was really in the middle of keeping the financial records of the health plan manager and the hospital administrators and the medical people. Was there, as there has been and I guess is bound to be, a certain amount of tension between the health plan people and the medical, in terms of how you're going to divide the "pot"?

Oswald: No, because Ernie Seward and I always worked that out. [laughter] In fact, Oakland used to get a little disturbed because I would sort of do some of these things after the fact, or after it got into the year and I knew how things were going. But we were changing so much, we were growing and changing so much you really couldn't tell very accurately, and I always saw that the doctors and the hospital had their proper share. It was sometimes after the year

Oswald: had gone on, rather than before the fact. We finally did develop a rate that lasted--oh, I don't know, about five years. But at that, we kept testing it, to make sure it was accurate.

Being a small region, the changes were more dramatic for us. When I left, it seems to me, the health plan membership was around--well, it must have been over 100,000, or right up to that.

Chall: So your growth came after about 1959, when you built the hospital. Then it really took off? That's about a ten-year period of rapid growth.

Oswald: Yes, it was. There was never one year that was the same as the year before. There were always changes.

Chall: How could they set the fees, then? The membership fees; how determined?

Oswald: Jim Crockwell, our health plan manager, and I usually set those fees. We'd work it on the basis of what our projected costs would be, both in-patient and out-patient, and the average utilization of services. Then, of course, health plan contracted with hospitals, and also with the medical group, separately, on a capitation basis. We did things in sort of an unorthodox way during those years, because as I say, there were dramatic changes for us, and you really couldn't foresee what was going to happen. Thankfully, it was always better than we had anticipated.

Chall: But as the membership grew, then I suppose the medical partnership might need more doctors, or more doctors in certain specialties. That would present a problem, I suppose, to Dr. Saward in making sure there were enough doctors to care for the members.

Oswald: Yes, that's right.

Chall: So your projections had to be as close as you could make them. But if they were better, that was good.

Oswald: Yes. Well, as they got more doctors, of course, they'd get more money on a capitation basis due to increased members.

Chall: And then what about the hospital? Was that big enough to start with? Generally the hospitals in the Kaiser program needed to be expanded after a few years.

Oswald: Well, we built such a large hospital, Bess Kaiser Hospital. The third floor was used as an extended care facility, for a while, until we could develop the membership to the extent that we needed that floor for acute care patients.

Chall: I see. You had expansion already built in.

Oswald: Dr. Seward was always thinking ahead, you see. I remember one day he came into my office and asked me to look at something outside. We looked over the bank next to the hospital building, which to me just went straight down. He said, "Do you think we could build an extra extension of the hospital on this property?" I said, "How are you going to do it?" He said, "Well, just build up--"

Chall: On stilts?

Oswald: Yes! [laughs] With piling, and--I don't know how they did it, but they seemed to have enough room. They built this extension, which was--I can't remember how many more beds it gave us, but it's plenty now, I guess, for the Bess Kaiser facility. At the time I was retiring, they started to develop the Sunnyside Hospital area.

Chall: Sunnyside?

Oswald: That's another hospital and medical center.

Chall: In the Portland area?

Oswald: Yes. Well, it's in Clackamas County, actually.

Chall: What about Vancouver itself? Is there anything over there?

Oswald: Oh, yes. When we moved out of the Vancouver Hospital, the outpatient portion remained. But this was not really very economical for us. Eventually, we sold the whole building. We then built a small clinic in the town of Vancouver, which has been expanded twice. They have a beautiful building now. And that has worked out very well, because they needed something in Vancouver. So many of these things went on after I left.

Chall: That's right, you've been gone about fifteen years, or so, and some other changes have been taking place since then. But you were in on the rapid growth change.

The Medical Group: Differing Concepts; Differing Organizational Patterns

Chall: As the growth came in, and younger, newer doctors came to Kaiser, did you find that, from what you could tell, that the idealism or whatever it might have been that brought people in at the beginning, was changing; that the doctors might have had a different point of view about why they were with Kaiser Permanente, than they had earlier?

Oswald: Well, I'm not sure whether you mean from a medical standpoint. They certainly wanted to be in group practice.

Chall: Well, I'm thinking of it from the standpoint of idealism; the standpoint of whether they had the same special ideals as doctors had in the early days about what this medical program really was. Like Dr. Saward, Dr. Neighbor, and maybe some of the doctors who stayed in at the beginning. Were they, the pioneers, different from the doctors who came in in the late sixties, for example?

Oswald: Yes, yes. I'm sure they were, that's right.

Chall: Could you tell, when you were working with them?

Oswald: Yes. They questioned more things. They were looking out, naturally, for their future. Some of them, as I said before, questioned their tie-in with Kaiser. They wanted to be on their own, and wanted to handle their own affairs, as it were.

The partnership had an executive committee, which pretty well determined their policy. And while it was discussed in general meetings, some of the doctors felt they weren't close enough to the decision making. I think now that they have their professional corporation, they probably feel differently. I've asked several of them if they feel they've gained anything, and of course these are the older men that I knew, and they have said--well, it's been kind of mixed. They're not sure whether they're better off or not. But I think that the bulk of the younger men who came in, during that period and since, of course, probably feel this is a better way to operate.

Chall: Is that from a standpoint of cooperation or some legalism involved here, in changing a partnership to a corporation?

Oswald: Well, they were feeling that they could--how shall I put it? It would be their own operation, and they could, for instance, go into profit-sharing. To a certain extent they were under that anyway, with the partnership, but they felt that they would have a control over it that they felt they didn't have, as a partnership.

Chall: What happened after Dr. Saward left?

Oswald: Dr. Saward suggested Lew Hughes be made medical director. He was a very nice man. The real reason, I'm sure, that Dr. Saward encouraged the doctors to select him was the fact that he would get along with all the doctors. He was very quiet, and very deliberate. He would get along with all of them; he would keep things smoothed over. There was no great push there. He did, I guess, all right. He was there when I left, but then they did bring in a man from California.

Oswald: He's gone now, I understand, and now one of their own doctors has been named medical director. I knew him--he was there a short time before I left.

Chall: I see; one of their own.

Oswald: Yes.

Chall: I think Dr. Saward had told everybody that he was going to take a leave of absence, and so nobody really believed that he would leave, and I guess he wasn't sure that he would either until he decided to take this position in Rochester.

Oswald: And he remained a partner, too. I don't know how he fits into the professional corporation if at all. I don't imagine he is in it now.

Chall: Well, that would be a hard act to follow, particularly when he was in charge of the whole thing. Then everybody has to readjust. Then you leave, too.

Oswald: Yes. But that's why he wanted me to come back with the doctors, because I did know their set-up; all the years of their struggles. In the early days--I don't know whether Dr. Saward mentioned this, but there was a dissident group.

Chall: Yes.

Oswald: He mentioned that?

Chall: He did mention that there were some problems early on, based on philosophy, I think.

Oswald: Right. So then it was reorganized to Roger H George, M.D. and Associates.

Chall: And who was Roger H. George?

Oswald: He was one of the--they call them "limited partners"--the three that originally started the partnership. Dr. Frink, Norman Frink was a surgeon, and Roger George was obstetrician/gynecologist, and of course Dr. Saward was the third one.

Chall: I see. So they moved from being the Permanente Medical Group to Roger George and Associates.

Oswald: So that then the rest of them were all employees. When they reorganized, the group was called The Doctors Clinic, and there were ten partners. But eventually there were problems.

Chall: Getting rid of the dissidents?

##

Oswald: Yes. So finally, they had to break the partnership.

Chall: They just terminated them?

Oswald: Right. Well, they dissolved the partnership. Then they reorganized as The Permanente Clinic.

Chall: I see. So you went from Permanente Medical Group to Roger H. George, then to Doctors Clinic, and then to The Permanente Clinic?

Oswald: Yes. And that was the name until they became a corporation.

Chall: Do you have the dates on those?

Oswald: Well, let's see. I would say Roger George was probably 1950. Permanente Medical Group was probably '48 or '49, right about there. At the time that Wally left, I imagine it would be, because prior to that it was the Garfield-Neighbor Organization.

Chall: Yes. So it was just a short period as a Permanente Medical Group?

Oswald: Yes. '48-'49.

Chall: And then you had the Doctors Clinic?

Oswald: Doctors Clinic would have been '51-'52. And then the Permanente Clinic starting, I think, in '52, sometime during the year.

Chall: And then after the Tahoe conference--that was in '55--that didn't affect you?

Oswald: No, that didn't change the medical group. I remember the Permanente Clinic, after it became The medical partnership. I made up a financial statement for them, a very simple financial statement. This was the first time they had seen the financial activity of their group in a statement form and they were very interested.

Those were the original ten partners of the Permanente Clinic. With three of them as limited partners; I don't know exactly why they called them limited, but this is the way they were set up.

Chall: Then they hired the others. And the Doctors Clinic--that was a type of partnership?

Oswald: Yes, that was.

Chall: And then the Permanente Clinic was definitely a partnership.



At opening of extension to Bess Kaiser Hospital, May 12, 1967.
Left to right: Karl Steil; Ernest Saward, M.D.; Berniece Oswald;
 Jim Vohs; Sam Hufford; R.N.; Jim Crockwell; A. B. Ordway;
 Paul Marrin; Horace Nealy; Irene Hufford; Mrs. Marrin;
 Clifford Keene, M.D.; Jean Keene.



Sam Hufford and Berniece Oswald

Oswald: Until they incorporated. Now I think it's Northern Permanente Physicians.

Chall: Did Dr. Saward think that this would affect the development of the plan, of the membership--the dissension? Was he concerned that the type of policies that the dissenters wanted would affect the growth of the medical program?

Oswald: I really can't elaborate on this.

Chall: They all went in a group, the three of them?

Oswald: Yes.

The Team##

Chall: A good team was required to make this thing really function. Your team was so long lasting--really remarkable. Tell me about Mr. DeLong, as hospital administrator.*

Oswald: Well, Jim came in as credit manager. He was very young and full of ambition. He developed very rapidly, very well. Then he was given the responsibility of the hospital administration and also the clinics--the operation of the facilities, which he handled very well. Jim and I got along fine. We crossed swords a little bit trying to develop the purchasing and inventories on the computer, because we did have problems. But that was the only thing that we had any problem with. We were real good friends; the same with Jim Crockwell. We were very good friends; we worked well together.

Chall: What was Jim Crockwell's beginning? I mean, where did he come from?

Oswald: He was with Oregon Physicians as their sales manager. He came with us in 1957. He developed up to a point. After I retired, I understand, someone from the outside was made health plan manager, and Jim became manager of the representatives only. I was gone, so I don't know all the ramifications.

The Office of Economic Opportunity Program

Chall: One of the unusual projects that you have in Oregon, or had, was with the OEO--the Office of Economic Opportunity. That was unusual in Oregon, and you were really dealing then with a--it was part of the Johnson Poverty Program, wasn't it?

*A tape recording of an interview with James DeLong is on deposit in the Microforms Division of The Bancroft Library.

Oswald: Yes. It was. And that was after Mitch [Merwyn] Greenlick came with us. He came to develop research programs, and this sort of thing. [The Health Services Research Institute] He got the OEO program for us.

Chall: Did you have to prove to the Central Office in Oakland that this was okay, or was Dr. Saward just going ahead, trying it out?

Oswald: I really don't know how that worked with the Central Office. I'm sure that we had the authority to do it; I'm sure it was discussed with Oakland, but I don't know whether we had to have an authorization. But, I'm sure it was discussed, as I say. This was a program where they tried to encourage the people to use the plan, because some of them were suspicious of something that didn't cost them anything. I suppose some of them thought this might even be experimental, you see, on them, because they didn't pay. We had people going from door to door, talking to these people, encouraging them to use the program. And the health plan card, as I remember, that they had used, had no identification indicating they were under this program, so that they wouldn't feel they were any different from anybody else.

It worked out very well. We were paid by a grant. I can't remember now just what the arrangements were, but it was a grant. I hired one man who had worked with these government grants before to handle the financial part of it. And that worked out very well. I don't know about the long-term effect of it.

Chall: But as far as you were concerned as controller, your interest was just with the way the finances were arranged?

Oswald: Yes, that's right.

Chall: And what about the dental program, which was also unique here?

Oswald: Well, that started just as I was leaving, so I don't know very much about it. I've used it, and it's good. [laughs]

Chall: So you don't know anything about that?

Oswald: No, I don't.

Chall: That was something that Dr. Saward started, though?

Oswald: Oh, yes.

Contacts with the Central Office##

- Chall: You had contacts with quite a number of people in the Central Office over the years. I jotted down some of the names of people that I knew you would have probably run across. We've talked about Dr. Garfield and Art Weissman, they're so important. I wondered did you run across Dr. Cutting much?
- Oswald: No. I knew who he was. I didn't work with him or have really anything to do with him except to see him at meetings, and talk to him.
- Chall: Who were the people in the Central Office, or in Oakland, that you would have been dealing with or seeing at board meetings, and other gatherings?
- Oswald: Well, particularly Dr. Keene, of course.
- Chall: How did you get along with Dr. Keene?
- Oswald: Fine. I had no problems with him. He was particularly nice to me while Sam Hufford was at M.I.T., because he had to talk with me, instead of with Sam.
- Chall: Did you have considerable relationships or dealings with the Central Office, even though you are a region, a separate region?
- Oswald: Yes. As far as insurance and pensions and--well, even our financial problems. See, they worked out finally, later, when we needed more money, big amounts to build facilities, they worked out the financial arrangements for our loans. And, as I say, we got together quite often. Irv Bolton was the financial man; I don't exactly remember what he was called, but we worked with him quite a bit. And Scott Fleming, as far as legal matters were concerned, Scott and Bob Erikson, both of them, and Jerry Phelan too. I worked with all three of them on legal matters. We had our own legal counsel up here, but we still worked quite closely with them, with the Central Office.
- Chall: Even though you're a region and allowed a considerable amount of regional autonomy, there's a strong connection?
- Oswald: That's right. And then the insurance people, and the employee benefits--I worked quite a bit with them. Everything we wanted to change came out of the booklets that they developed for all of the regions.
- Chall: So the doctors that work here get the same employee benefits as those in the other regions?

- Oswald: I don't know now, of course; but at that time they did. There was a pension program which Scott Fleming worked a great deal on. I'm not sure whether they have this same program now.
- Chall: That was something that you had to feed into your figures every year?
- Oswald: Oh, yes.
- Chall: Did you get the feeling that Dr. Keene was not liked by some of the people?
- Oswald: I really can't say. I don't suppose there is ever a "perfect" leader--one who is liked by everyone. As far as I knew, Ernie got along with him all right. He may have had some problems, but then again--
- Chall: He may not have.
- Oswald: I don't know. He [Keene] got along very well with Sam Hufford, in fact, he and Sam are still very good friends. Have been for a long time.
- Chall: Avram Yedidia set up rates in early days, around the regions. I don't know whether he was up here or not?
- Oswald: No, I didn't have anything to do with him. Again, I had met him, at different times, but I really didn't have anything to do with him. I liked to work with Scott Fleming very much. In fact, he became Oregon regional manager after Sam left, for several years.
- I noticed you don't have Jim Vohs here.
- Chall: No.
- Oswald: I like Jim, very much.
- Chall: You worked with him? What was his capacity at that time?
- Oswald: Well, finally, he was president after Dr. Keene retired, but he was with industrial relations in the south when we worked with him quite a bit. What I particularly remember about Jim was that he was with, I believe it was Kaiser Gypsum, in Rainier, Oregon, not too far from Vancouver. His wife was having a baby, and he used to come up--she'd come up--for office visits, to see her doctor. He and Sam and I would go down and have coffee, and we got pretty well acquainted with him.
- Chall: Yes. He did take Dr. Keene's place, and I don't remember what year that would have been. I've forgotten.
- Oswald: No, it wasn't while I was there, so it must have been in the later '70s--[1974].

Chall: So you knew him in a different capacity?

Oswald: Yes. He's always easy to talk to.

Chall: I get the feeling that, as so many corporate jobs require, the work becomes your life. And that the corporation becomes your family.

Oswald: [laughs] Yes. Well, my whole life seemed to be centered around-- I used to say I was married to the Kaiser organization! My husband and I separated before I went with them. I just didn't have any time outside of working for them, really. I felt badly, because I had to--I don't mean give up, but I couldn't do things with my friends. I didn't have time for them. That's one of the things I did after I retired. I got back into the swing of my friends, which was good.

Chall: And was this true, do you think, of the men, too? That they may have had to neglect, to some degree, or to a major degree, their own families?

Oswald: Oh, I'm sure, yes. Some doctors had difficulties, because they couldn't get home on time for dinner.

Chall: The doctors. That was not what was supposed to happen in the Kaiser plan.

Oswald: I believe that is not unusual. It takes a very understanding woman to be a doctor's wife. Hopefully all ours were.

Chall: And in the corporate structure too?

Oswald: Yes.

Chall: Well, when you're called at all hours of the day and night, or you have to stay up all night to do a program--

Oswald: Right. I always felt when everyone went home, that's when I would have time to do something! I know I was carrying too much; I was carrying both the hospital/health plan and the medical group, the employee benefits--you, know, everything--and it was too much, I think. I probably didn't delegate as well as I should have. But I had some wonderful people, and worked very well with them. The men I hired didn't seem to object to my being a woman, a woman boss. We got along fine.

A Full Life in Retirement

Chall: Did you find, when you retired, that you didn't know quite what to do with yourself?

Oswald: Oh, no!

Chall: You were all ready, then?

Oswald: As I say, for the first--well, you mean after I left the doctors?

Chall: Finally, yes.

Oswald: No, it was just--Ernie said for a year, come for a year, and sort of get the doctors used to his not being there, and talk to them about what was going on as far as finances were concerned. It went on and on and on, and finally, after two years and about eight months, I said, "This is it!" Because at that time I'd had some surgery, and it was very difficult for me at first.

Chall: You were just tired.

Oswald: Very tired.

Chall: Ready to say, "I've had enough."

Oswald: So then I began. Well, I took over the books, financial data, of a very wealthy woman in Portland. I understand there are plenty of jobs like that. But I was with her for about two and one-half years, I guess, until she passed away. I just decided that I didn't want any more of that sort of thing. But it was good, for a while.

Then I became involved with my church, and I took care of my sister for five and one-half years until she passed away. The years that I was working I didn't go to church very regularly--but I went back, and I really became involved!

Chall: What church is this?

Oswald: Episcopal. After my sister passed away, there were so many donations given in memory of her. We'd always been interested in developing a library at our church, so I asked if I could develop the library. I didn't know the first thing about it! I read books, and I talked to people; and now we have a very nice library set up. I'm librarian.

Chall: That's a very nice job for you.

Oswald: Yes, it is. It's all right. I was treasurer of the church, too, for a long time, but after I started the library I asked to be relieved as treasurer, because that was too much.

Oswald: I see my friends again, and I'm making new ones, which is wonderful. I am a little limited in traveling, I wish I wasn't. But I go to a few places with friends that I know real well. But that's about it.

Chall: Well, it seems as if you have a pretty full life.

Oswald: I have!

Chall: And you can make it what you want.

Oswald: I'm all alone as far as family is concerned.

Chall: You didn't have children?

Oswald: I have a stepson. After his father passed away, he looked me up again, and we've been quite close.

Chall: Oh! Then you have that little family, and he must have children.

Oswald: Yes, he has children, and they have children. One of them has a couple of little boys. So, yes, I see them.

Chall: Well, that's very nice.

Oswald: So, that's it.

Chall: I'm sure we've left something out. You can look back on your own notes too, and see if you want to bring something else in that we haven't covered.

Oswald: I wish I had that ten-year forecast. I don't suppose anyone knows where it is. I left, for Bob Scott, the progression of the medical group, the dates and everything about it, so he would know. I left health plan--just the membership, you know, the way it had developed--a few things like that. But I don't suppose anybody knows where those things are.

Chall: Well, unfortunately, they either store them someplace, or they may even, sometimes, throw things out. But if you have some that you managed to take home with you that would be nice to have; and if you have a picture of yourself, for the frontispiece, we always want that. So if you haven't got one, get somebody to take your picture up-to-date, the way you look right now.

Oswald: Not good!

Chall: Oh, it's very good.

Oswald: When the research group had open house, let's see--I can't remember if it was last year or the year before. I think it was last year. The Sawards were there. His wife that I knew had passed away, and he remarried. Maybe you know his wife?

Chall: No, I haven't met her.

Oswald: And Paul Lairson was there, and the four of us--Ernie and Elizabeth (his wife) and Paul, and myself, had a picture taken together. I have been meaning to call Mitch Greenlick to see if I could get a copy of that. It would be nice to have.

Chall: Yes. Try to get it. I'm sure that your own central office has these things, stored away.

Oswald: Yes. It was either last year, or--time goes so fast. But it might have been the year before.

Chall: I requested that a few women be brought into the project. As you know, there is a committee, who chose the twenty interviewees. They decided to ask Dr. Seward to participate, of course. I'm pleased that they chose you. Now we have additional information about the history of the Northwest Region.

Transcriber: Shannon Page
Final Typist: Geoffrey Hale

TAPE GUIDE - Berniece Oswald

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